

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-01 INR-07 L-03
NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06
COME-00 EB-07 LAB-04 SIL-01 /070 W
-----201839Z 118337 /43

R 201802Z JAN 77

FM AMEMBASSY LONDON
TO SECSTATE WASHDC 9699
INFO AMEMBASSY BONN
AMEMBASSY BRUSSELS
AMEMBASSY COPENHAGEN
AMEMBASSY DUBLIN
AMEMBASSY THE HAGUE
AMEMBASSY LUXEMBOURG
AMEMBASSY PARIS
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E.O. 11652: N/A

TAGS: ELAB, PINT, UK

SUBJECT: CONSERVATIVES AND TUC IN "HUSH-HUSH" MEETING
"SOMEWHERE IN BERKELEY SQUARE"

REF: LONDON 19585 (76)

1. A FORMAL DISCUSSION BETWEEN CONSERVATIVE LEADER,
MRS. MARGARET THATCHER, AND KEY MEMBERS OF HER SHADOW
CABINET, AND A GROUP OF TUC LEADERS, TOOK PLACE ON
MONDAY (JANUARY 17) IN SOMEWHAT SECRET CIRCUMSTANCES.

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NEWS OF THE MEETING WHICH HAD BEEN FORESHADOWED BY EAR-
LIER, INFORMAL MEETINGS (REFTEL) BECAME PUBLIC LAST
NIGHT, COINCIDING WITH A SPEECH MRS. THATCHER MADE WHICH
REFERRED TO HER PARTY'S RELATIONS WITH THE UNIONS. AL-
THOUGH FEW DETAILS OF THE MEETING HAVE BEEN REPORTED, WE
ARE UNDER THE IMPRESSION THAT IT WAS LARGELY A "SHADOW-
BOXING AFFAIR", WITH THE CONSERVATIVES HOWEVER BENEFITING

FROM THE MORE BENIGN PUBLIC IMAGE OF CONSULTATION WITH THE UNIONS.

2. THE CONSERVATIVE LEADER, MRS. THATCHER, WAS REPORT-EDLY ACCOMPANIED BY WILLIAM WHITELAW, SIR KEITH JOSEPH, SIR GEOFFREY HOWE, JAMES PRIOR, JOHN BIFFEN, AND JOHN PEYTON, WHILE THE TUC CONTINGENT INCLUDED LEN MURRAY, JACK JONES, DAVID BASNETT AND HUGH SCANLON. THEY MET "SOMEWHERE NEAR BERKELEY SQUARE" ON MONDAY NIGHT (JANUARY 17). THE MEETING EVOLVED FROM A SERIES OF INFORMAL SESSIONS BETWEEN CONSERVATIVE SHADOW MINISTERS, ESPEC- IALLY THE SHADOW SECRETARY OF STATE FOR EMPLOYMENT, JAMES PRIOR, AND TUC LEADERS INCLUDING MURRAY AND JONES. THE BASIC PURPOSE OF THESE SESSIONS IS TO EXCHANGE VIEWS ON THE ASSUMPTION THAT THE CONSERVATIVES MAY BE BACK IN POWER IN THE RELATIVELY NEAR FUTURE.

3. LAST NIGHT, MRS. THATCHER -- SPEAKING AT A MEETING OF THE INSTITUTE OF BANKERS -- REPORTEDLY DECLARED: "WE HAVE EVERY REASON TO SPEAK UP AND FORMULATE SENSIBLE POLICIES IN THE CONVICTION THAT WHAT IS ECONOMICALLY NECESSARY WILL BE POLITICALLY POSSIBLE. WHATEVER SOME PEOPLE MAY SAY, I DO NOT BELIEVE THAT THE TRADE UNIONS WOULD DELIBERATELY STAND IN THE WAY OF WEALTH-CREATING ECONOMIC POLICIES OR THE PARTY WHICH ADVOCATES THEM." (IT IS NOT CLEAR WHETHER SHE SPECIFICALLY REFERRED TO HER EARLIER MEETING WITH THE UNIONS BUT IT IS BELIEVED THAT THE CONSERVATIVE HEADQUARTERS MAY HAVE BEEN FIRST TO IN- FORM THE PRESS ABOUT THE MEETING, WHILE EMPHASIZING AT LIMITED OFFICIAL USE

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THE SAME TIME THAT IT WAS ANOTHER INDICATION OF THE CONSERVATIVES' WILLINGNESS TO CONSULT WITH THE UNIONS- SEE REFTEL.)

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4. TUC HEADQUARTERS ON THE OTHER HAND, WERE VERY
RETICENT ABOUT THE MEETING, AND OUR SOURCES THERE SIMPLY
SAID THAT IT WAS "AN EXCHANGE OF VIEWS AND NOTHING
MORE PROFOUND THAN THAT." HOWEVER, HUGH SCANLON, ONE OF
THE PRINCIPALS FOR THE TUC AT THE MEETING, SAID TO US
PRIVATELY THAT THERE HAD BEEN SOME DEBATE WITHIN THE TUC
LEADERSHIP ABOUT HAVING SUCH A DIALOGUE WITH THE
CONSERVATIVES. IF THE TUC REFUSED TO MEET MRS. THATCHER
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AND HER FRIENDS, IT WOULD BE COMMITTING A PURELY POLITI-
CAL ACT. ON THE OTHER HAND, BY MEETING THE CONSERVATIVES,
THE LEADERSHIP WOULD BE CRITICIZED WITHIN THE LABOR
MOVEMENT FOR "TOADYING TO THE CONSERVATIVES." HAVING
IN THE END DECIDED TO MEET, SCANLON SAID THAT THE TUC
LEADERS RAISED THE PROBLEM OF UNEMPLOYMENT, DISCUSSED
THEIR ANTAGONISM TO MONETARISM, AND SAID THAT IF THE
CONSERVATIVES RETURNED TO POWER WITH A MANDATE TO RETURN
TO A "FREE MARKET ECONOMY, THEN WE WOULD INSIST ON
TOTALLY FREE AND UNFETTERED COLLECTIVE BARGAINING."
SCANLON SAID THAT THE CONSERVATIVES WERE LARGELY NON-
COMMITAL AT THIS POINT, AND THAT THE MEETING WAS
ESSENTIALLY "SHADOW BOXING."

5. COMMENT. IT WOULD APPEAR THAT, WHATEVER THE ACTUAL SUBSTANCE OF THE DISCUSSION, THE CONSERVATIVES SCORED FIRST WITH THE PRESS. "THE FINANCIAL TIMES" PUT IT THIS WAY: "THE CONSERVATIVES HAVE TAKEN THEIR FIRST BIG STEP TOWARDS DETENTE WITH THE TUC IN PREPARATION FOR THE NEXT GENERAL ELECTION." "THE TELEGRAPH" REPORTED: "THE MEETING...HAS ALREADY INCREASED MRS. THATCHER'S CONFIDENCE THAT THE UNIONS ARE PREPARED TO LIVE WITH A CONSERVATIVE GOVERNMENT IF SHE WINS THE NEXT ELECTION." IN THE LONG (OR SHORT) RUN-UP TO THE NEXT GENERAL ELECTION, THE CONSERVATIVE INITIATIVE SEEMS TO HAVE, AS SCANLON INDICATED, PUT THE UNIONS ON THE DEFENSIVE.

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